

**Construction Industry Council**

**Committee on Procurement**

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Meeting No. 002/11 of the Committee on Procurement was held on Friday, 13 May 2011 at 3:00 pm at Meeting Room 1, CIC Headquarters, 15/F, Allied Kajima Building, Wanchai, Hong Kong

Present	:	Tai-chong CHEW	(TCC)	Chairman	
		Thomas HO	(TH)		
		Oi-ki Peter LAM	(OKL)		
		Wo-hei LAM	(WHL)		
		Kam-hung YU	(KHY)		
		Steve GRIFFIN	(SGN)		MTR Corporation Limited
		Kevin POOLE	(KP)		Airport Authority Hong Kong
		Thomas Kwok-kwan HO	(THO)		Hong Kong Institute of Surveyors
		David TONG	(DT)		Development Bureau
		Wah-hoi MOK	(WHM)		Independent Commission Against Corruption
In Attendance	:	Kwok-hung LI	(KkHL)	Civil Engineering and Development Department	
		Lawrence CHUNG	(KWCh)	Housing Authority	
		Francis LEUNG	(FLG)	Architectural Services Department (ArchSD)	
		Dennis LAU	(WKL)	Association of Architectural Practices (AAP) (presenter for agenda item 2.3)	
		Stephen LAM	(SLM)	Urban Renewal Authority (presenter for agenda item 2.4)	
		Kenneth POON	(KPN)	Association of Consultant Quantity Surveyors (ACQS) (presenter for agenda item 2.3)	
		Ching SO	(CSO)	Hong Kong Institute of Architects (HKIA) (participant for agenda item 2.3)	
		Lawrence TANG	(LTG)	Urban Renewal Authority (presenter for agenda item 2.4)	
		Fergal WHYTE	(FeW)	Association of Consulting Engineers of Hong Kong (ACEHK) (presenter for agenda item 2.3)	
		Alex LEUNG	(AL)	Senior Manager (Council Services) 1	
	Priscilla NG	(PN)	Assistant Officer		
Apologies	:	Andrew CHAN	(AC)		
		Siu-hung CHAN	(SHC)		
		Wai-wah HO	(WWH)		
		Duncan PESCOD	(DWP)		
		Ada FUNG	(AF)		
		Irene CHENG	(ICG)	Housing Authority	
		Alex KWAN	(AKN)	Association of Consulting Engineers of Hong Kong (ACEHK)	
		Ming-wai LAU	(MWL)	Chinese Estates Holdings Limited	
		Sheron LI	(SNL)	Architectural Services Department	

## PROGRESS REPORT

### Action

#### 2.0. **Opening of the meeting**

The Chairman welcomed Mr Lawrence Chung from Housing Authority attended the meeting on behalf of Mr Duncan Pescod and Mrs Irene Cheng while Mr Francis Leung from Architectural Services Department attended the meeting on behalf of Ms Sheron Li.

#### 2.1. **Confirmation of the Progress Report of the Committee Meeting No. 001/11**

Members took note of the Paper CIC/PCM/R/001/11 and approved the progress report of the last meeting held on Tuesday, 29 March 2011 at Room 1201, Murray Building, Garden Road, Central, Hong Kong.

#### 2.2. **Matters Arising from the Previous Meeting**

##### (a) **Agenda item 1.3:**

An informal discussion chaired by the Committee Chairman was held with some of the key industry players to solicit their views and feedback on the proposed initiatives. The proposed Terms of Reference and Membership Lists for the Task Force on NEC3 Collaborative Contracts and the Task Force on Competition Bill were drafted. This item was discussed under agenda items 2.5 and 2.6.

##### (b) **Agenda item 1.4:**

This item was discussed under agenda item 2.7.

#### 2.3. **Presentation by ACEHK/AAP/ACQS on “Issues of Common Concern to Professional Practices”**

Members took note of the paper CIC/PCM/P/005/11 on the background of the presentation delivered by representatives from ACEHK, AAP, and ACQS.

The Chairman welcomed Messrs Fergal Whyte, Dennis Lau and Kenneth Poon from ACEHK, AAP, and ACQS respectively to deliver their views on the following issues of common concern to professional practices:

- prefer to have separate appointment of consultants for

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- different disciplines (e.g. architects, engineers, surveyors, etc.)
- request for mandatory payment (mobilization) upon appointment of consultant
  - recommend to offer remuneration for Design-and-Build tender submission
  - request for additional payment for project prolongation
  - express concern on scope of services outside the ambit and expertise of the consultants
  - against imposing unlimited liability on consultants

In addition to the issues being addressed in the co-signed letter (Annex A to the paper), a presenter also raised the issue on the importance of partnering with consultants. A Member stated that a balanced view between the employers and the consultants should be strived and CIC could be an optimum platform for achieving this. The Chairman remarked that the Task Force on the Selection of Consultants and Contractors would take note of these concerns in their work.

**2.4. Presentation by Urban Renewal Authority (URA) on Repair, Maintenance, Alternations and Addition (RMAA) Works**

Representative of URA, Messrs Stephen Lam and Lawrence Tang were invited to share their experience in the contract procurement on Repair, Maintenance, Alternations and Addition (RMAA) Works. Ms So Ching of HKIA was also invited to participate in the discussion.

Since the “Operation Building Bright (OBB)” was formally launched in May 2009, feedbacks and advices had been collected from various stakeholders in the industry for better implementation of the scheme. The presenters stressed that there existed room for improvement on the whole procurement process of the OBB. Joint effort would be required from the whole industry for making collective decisions.

Since a new Committee on RMAA Works would be formed under the Council soon, a Task Force on RMAA Works under the Com-PCM would not be formed to avoid possible duplication of effort. Nevertheless, this Committee would be pleased to provide input and suggestions on RMAA Works if necessary.

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**2.5. Proposed Terms of Reference and Membership List for the Task Force on NEC3 Collaborative Contracts**

Members took note of Paper CIC/PCM/P/006/11 which included the proposed Terms of Reference and Membership List of the Task Force on NEC3 Collaborative Contracts.

Members agreed to adopt the proposed Terms of Reference subject to the following amendment:

*suite*  
“1. To review the features of NEC ~~form~~ of contracts and deliberate its suitability for the application in Hong Kong Construction Industry;”

Members agreed Mr Ho Sing-mo from CLP Power to be the Chair of the Task Force. To enhance the progress of discussions and work done, it was deliberated and concluded that apart from the Members and Co-opted Members of the Committee, only seven organizations would be invited to join the Task Force as Members including the Architectural Services Department, Drainage Services Department, Housing Authority (HA), Airport Authority Hong Kong (AAHK), MTR Corporation Limited (MTRC), Real Estate Developers Association of Hong Kong, and the Hong Kong Construction Association. The formal invitation letters would be issued to the nominating organizations accordingly. *(Post-meeting note:(a) Development Bureau was also included in view of their active promotion on the use of NEC in public works contract on a pilot scheme basis. (b) invitation letters were sent on 19 May 2011)*

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**Secretariat**

It was recommended that the other organisations on the proposed Membership List could be invited to participate in the Task Force on a consultation basis. A Member also suggested adding Hong Kong Jockey Club to the Consultation list in view of their active deliberation on the innovative procurement methods.

**2.6. Proposed Terms of Reference and Membership List for the Task Force on Competition Bill**

Members took note of Paper CIC/PCM/P/007/11 which included the proposed Terms of Reference and Membership List of the Task Force on Competition Bill.

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Members agreed Dr Andrew Simpson from HKPolyU to be the Chair of the Task Force. To enhance the progress of discussions and work done, it was deliberated and concluded that apart from the Members and Co-opted Members of the Committee, only six organisations would be invited to join the Task Force as Members including the Development Bureau, MTR Corporation Limited, Real Estate Developers Association of Hong Kong, Hong Kong Construction Association, Hong Kong Construction Sub-contractors Association, and Hong Kong General Building Contractors Association. The formal invitation letters would be issued to the nominating organizations accordingly. *(Post-meeting note: invitation letters were sent on 20 May 2011)*

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It was recommended that the other organisations on the proposed Membership List could be invited to participate in the Task Force on a consultation basis.

**2.7. Progress Report of the Task Force on Contract Price Fluctuation System (CPFS) for Private Sector Construction Contracts**

Members were briefed on the views of the Council on the final draft of the Guidelines on CPFS for Private Sector Construction Contracts. It was discussed at Council that all Guidelines published by the CIC should be applicable to both the public and private sectors of the construction industry of Hong Kong.

A Member proposed to amend the final draft Guidelines in regard to the following issues:

- Remove the term “private sector” from the title
- Indicate the general principles for the application of the CPFS;
- Address how the Guidelines could be applied on the public sector;
- Address how the Guidelines could be applied on the private sector;

The Chairman also urged members of the Task Force who represented the public sector to lend supports from their senior principals who were the representatives in the Council before the revised final draft would be submitted to the Council. In addition, a Member also stated the importance to include in the Guidelines the model in which

**All to note**

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“in-house contractor” was applied.

The final draft of the Guidelines would be revised and circulated to Members for review before its submission to the next Council meeting on 24 June 2011 for approval.

**SGN**

**2.8. Progress Report of Task Force on the Selection of Consultants and Contractors**

It was reported that some comments were received from members of the Task Force and Task Groups on the list of content of the Guidelines for the Selection of Consultants when it was first drafted and circulated for members’ review in mid-March 2011. A Task Group meeting would be held by end May/early June.

**2.9. Year Plan for 2011/2012 – Progress Review**

AL introduced the paper CIC/PCM/P/009/11 regarding the progress review of the Year Plan 2011/2012 for the Committee on Procurement. Regarding the potentiality of developing the Guidelines on the Milestone Payment, the Task Force Chair would solicit further views and comments from relevant stakeholders and decide the way forward for discussion at the next Committee meeting.

AL remarked that the progress of the tentative programmes would be updated after the Task Forces determine the detailed ways forward.

**2.10. Any Other Business**

**(a) Sharing issues discussed in the Committee on Construction Site Safety (Com-CSS) and the Committee on Manpower Training and Development (Com-MTD)**

The Chairman kindly offered to share the issues currently discussed in the Com-CSS and Com-MTD if Members were interested. It was proposed that such brief discussion would be held after the Committee meeting from next meeting onwards.

**All to note**

**(b) Issue on Risk Sharing**

A Member raised a common concern about the risk sharing issue on the purchase of Demand Bond. As advised by the Chairman, the Secretariat would put this subject matter on the Agenda of the next meeting for Members' discussion.

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**2.11. Next Meeting**

7 September 2011 (Wednesday) at 2:30 pm at Meeting Room 1, 15/F Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong

**All to note**

There being no further business, the meeting adjourned at 17:00.

**CIC Secretariat  
May 2011**